

**AUCILLA AREA SOLID WASTE
ADMINISTRATION
FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2023**

**AUCILLA AREA SOLID WASTE
ADMINISTRATION
FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2023
TABLE OF CONTENTS**

	PAGE
FINANCIAL SECTION	
Independent Auditors' Report	3
Management's Discussion and Analysis	6
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to Financial Statements	12
REQUIRED SUPPLEMENTARY INFORMATION	
Pension Schedules	
Schedule of Proportionate Share of Net Pension Liability	31
Schedule of Contributions	32
OTHER INFORMATION	
Budgetary Comparison Schedule	34
OTHER REPORTS AND LETTERS	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36
Management Letter	38
Independent Accountant's Report on Compliance with Florida Statutes Regarding Investing Public Funds	40
Communication with Those Charged with Governance	41



Powell and Jones CPA

1359 S.W. Main Blvd.
Lake City, FL 32025
Phone 386.755.4200
Fax 386.719.5504

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

Opinions

We have audited the accompanying financial statements of Aucilla Area Solid Waste Administration, (the "Administration") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Administration's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Administration, as of September 30, 2023, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Administration, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administration's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Administration's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Administration's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of net pension liability, and schedule of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2024, on our consideration of Aucilla Area Solid Waste Administration's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Administration's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
February 21, 2024

**AUCILLA AREA SOLID WASTE ADMINISTRATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended September 30, 2023 and 2022**

This section of Aucilla Area Solid Waste Administration's (the Administration) annual financial report presents our discussion and analysis of the Administration's financial performance during the fiscal years ended September 30, 2023 and 2022. Please read it in conjunction with the Administration's financial statements and accompanying notes.

This annual financial report consists of four main parts. The financial section contains the auditors report, management's discussion and analysis, and the basic financial statements. The required supplementary information section contains certain required pension schedules. The other information section contains a voluntarily disclosed budgetary comparison schedule. The other reports and letters section contains various compliance related reports and letters from our auditors.

The Administration is a self-supporting entity and follows proprietary fund reporting; accordingly, the financial statements are presented on the accrual basis of accounting.

The following table summarizes the statements of net position as of September 30, 2023 and 2022:

Statements of Net Position		
	2023	2022
Assets		
Current assets	\$ 8,243,553	\$ 6,951,623
Restricted assets	10,057,570	9,739,823
Fixed assets	13,208,281	13,365,857
Total Assets	31,509,404	30,057,303
Deferred Outflows of Resources	108,836	139,518
Liabilities		
Current liabilities	1,335,257	792,012
Long-term liabilities	12,179,119	12,521,557
Total Liabilities	13,514,376	13,313,569
Deferred Inflows of Resources	54,452	18,944
Net Position		
Net investment in capital assets	8,712,475	8,579,599
Restricted	2,588,527	4,850,593
Unrestricted	6,748,410	3,434,116
Total Net Position	\$ 18,049,412	\$ 16,864,308

Net position may serve as a useful indicator of the Administration's financial position. Assets exceeded liabilities by \$18.0 million and \$16.8 million at the close of the fiscal years 2023 and 2022, respectively.

Administration resources that are subject to external restrictions on how they may be used represent \$2,588,527 for fiscal year 2023 and \$4,850,593 for fiscal year 2022. Such resources are restricted for debt service, renewal and replacement and landfill closure. The balance of unrestricted net position for fiscal years 2023 and 2022, \$6.7 and \$3.4 million, respectively, will be used for new cell construction, equipment and closure and post closure costs of existing cells in excess of the amounts escrowed. The Board has earmarked these funds to avoid future rate increases or the possibility of seeking funds from the member Counties.

The remaining balance of net assets is represented by capital assets. This component of net assets consists of capital assets net of accumulated depreciation.

The following table summarizes the changes in net position for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 2,902,870	\$ 2,797,418
Operating expenses	<u>2,230,851</u>	<u>1,848,799</u>
Operating income	672,019	948,619
 Nonoperating revenues (expenses)	 513,085	 4,364,825
 Change in net position	 1,185,104	 5,313,444
Net position - beginning	<u>16,864,308</u>	<u>11,550,864</u>
Net position - ending	<u>\$ 18,049,412</u>	<u>\$ 16,864,308</u>

Revenues and Expenses

Operating revenues for the fiscal year 2023 increased \$105,452 from the prior year, and operating expenses increased \$382,052. The increase in operating expenses is primarily attributable to an increase in depreciation expense of 179,874 due to the opening of the new cell and an increase in personnel services expense of 118,845.

Year over year there was a net increase in net position of almost \$1.2 million.

Investment income for fiscal year 2023 increased by \$433,549.

Distributions and rebates paid to the counties decreased by \$526,370

The adjustment for the closure and post closure care cost estimate was only \$64,203 as compared to 4.9 million in the prior year.

BASIC FINANCIAL STATEMENTS

AUCILLA AREA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET POSITION
September 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$	6,489,764
Investments		774,735
Accounts receivable - net		963,631
Prepaid expenses		9,405
Accrued interest		6,018
Total current assets		8,243,553

Restricted assets

Investments		10,057,570
Total restricted assets		10,057,570

Fixed assets

Non-depreciable assets:

Land		424,330
------	--	---------

Depreciable assets:

Landfill costs		17,729,335
Buildings, machinery and equipment		3,907,575
Less accumulated depreciation		(8,852,959)

Total fixed assets		13,208,281
Total assets	\$	31,509,404

DEFERRED OUTFLOWS OF RESOURCES	\$	108,836
---------------------------------------	----	----------------

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$	952,560
Customer deposits		72,459
Accrued compensated absences, current		13,750
Note payable, current		296,488
Total current liabilities		1,335,257

Long-term liabilities

Accrued compensated absences, net of current		77,922
Accrued closure and postclosure costs		7,469,043
Net pension liability		432,836
Note payable, net of current		4,199,318

Total long-term liabilities		12,179,119
Total liabilities	\$	13,514,376

DEFERRED INFLOWS OF RESOURCES	\$	54,452
--------------------------------------	----	---------------

NET POSITION

Net investment in capital assets	\$	8,712,475
Restricted for landfill closure		2,588,527
Unrestricted		6,748,410
Total net position	\$	18,049,412

See notes to financial statements.

AUCILLA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023

Operating revenues	
Charges for services	\$ 2,901,352
Miscellaneous	1,518
Total operating revenues	2,902,870
 Operating expenses	
Personnel services	672,277
Contracted services	338,770
Operating expenses	621,158
Depreciation	598,646
Total operating expenses	2,230,851
 Operating income	 672,019
 Nonoperating revenues (expenses)	
Investment income (loss)	400,857
Gain (loss) on disposition of capital assets	48,025
Closure and postclosure care adjustment	64,203
Distributions	-
Total nonoperating revenues (expenses)	513,085
 Change in net position	 1,185,104
 Total net position at beginning of year	 16,864,308
Total net position at end of year	\$ 18,049,412

See notes to financial statements.

**AUCILLA AREA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2023**

Cash flows from operating activities	
Cash received from cutomers and others	\$ 2,676,636
Cash paid to employees for services	(585,572)
Cash paid for contracted services	(338,770)
Cash paid to suppliers for goods and services	(61,521)
Net cash provided by operating activities	<u>1,690,773</u>
Cash flows from non-capital related financing activities	
Distributions	-
Net cash used for non-capital related financing activities	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(803,603)
Proceeds from sales of capital assets	60,000
Principal paid on debt	(290,452)
Net cash used for capital and related financing activities	<u>(1,034,055)</u>
Cash flows from investing activities	
Interest	76,267
Net cash used by investing activities	<u>76,267</u>
Net decrease in cash	732,985
Cash and cash equivalents at beginning of year	5,756,779
Cash and cash equivalentsat end of year	<u>\$ 6,489,764</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	<u>\$ 672,019</u>
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	598,646
Decrease (increase) in current assets:	
Accounts receivable	(230,684)
Prepays	29,140
Deferred outflows of resources	30,682
(Decrease) increase in current liabilities:	
Accounts payable and accrued liabilities	531,310
Customer deposits	4,450
Compensated absences	9,891
Net pension liability	9,811
Deferred inflows of resources	35,508
Total adjustments	<u>1,018,754</u>
Net cash provided by operating activities	<u>\$ 1,690,773</u>

See notes to financial statements.

**AUCILLA AREA SOLID WASTE ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Aucilla Area Solid Waste Administration conform to generally accepted accounting principles for governmental entities. The following is a summary of significant accounting policies.

Reporting Entity

The Aucilla Area Solid Waste Administration is an organization established by an Interlocal agreement between Taylor County, Florida, Madison County, Florida, Jefferson County, Florida, and Dixie County, Florida. The purpose of this entity is to facilitate, through the collective effort of the counties involved, solid waste disposal through the establishment and operation of a joint solid waste disposal facility. The entity began accepting solid waste in December, 1992.

The governing board of this entity is composed of four County Commissioners, one representing each county. The Board elects its officers and manages the Aucilla Area Solid Waste Administration.

Fund Accounting

The Aucilla Area Solid Waste Administration's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity, with a self-balancing set of accounts recording financial resources with all related liabilities, revenues and residual equities, or changed therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration.

All of the Aucilla Area Solid Waste Administration's financial operations are accounted for in a single proprietary fund. The Administration has elected to apply applicable GASB statements as opposed to statements issued by the Financial Accounting Standards Board after November 30, 1989.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary-type funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of those funds are included in the statement of net position. The difference between the Administration's assets and its liabilities is its net position. Net position is presented in three components: invested in capital assets, net of related debt; restricted (distinguishing between major categories of restrictions); and unrestricted. Proprietary fund-type operating statements present increases (e.g. revenues) and decrease (e.g. expenses) in net position.

The accrual basis of accounting is utilized by proprietary-type funds. Under this method revenue is recognized when earned and expenses are recorded at the time liabilities are incurred.

Budgets are prepared on the relevant basis of accounting described for each fund. The Administration adopted a budget in September of 2022 for the fiscal year ending September 30, 2023.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Administration are charges to customers for dumping fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues and expenses are items such as investment income, gains and losses on investments, interest on short and long term borrowings and closure and post closure care expenses.

When both restricted and unrestricted resources are available for use, it is the Administration's policy to use restricted resources, as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

- A. Cash and Investments** – Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, *Florida Statutes*.

Investments consist of amounts placed with Capital City Trust Company and the State Board of Administration for participation in the Florida PRIME investment pool created by Sections 218.405 and 218.417, *Florida Statutes*, and those made locally. The local investments operate under the guidelines established by Section 218.415, *Florida Statutes*. The Administration's investments in the Pool, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2023, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

Investments made locally consist of certificates of deposit and are reported at fair value. Types and amounts of investments held at fiscal year end are described in a subsequent note on investments.

For financing reporting purposes, investments are categorized to give an indication of the level of custodial credit risk assumed by the Administration at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Administration or its agent in the Administration's name. At year end all the

Administration's investments were classified as Category 1.

Capital Assets

All capital assets owned by the Administration, are reflected at cost on the balance sheet.

Depreciation of capital assets is charged as an expense against operations. Accumulated depreciation is classified on the balance sheet as a contra-asset account. Depreciation has been calculated over the estimated useful life using the straight-line method. The relevant estimated useful lives are as follows:

Buildings	20-25 years
Equipment	3-10 years
Landfill Cost - Cell I	6 years
Landfill Cost - Cell II	10 years
Landfill Cost - Class III Cell	1 year
Landfill Cost - Leachate, Stormwater, Roadways, Engineering, etc.	42 years
Landfill - Mobilization, Site Prep, etc.	20 years

Capitalization of Interest

Interest is capitalized for assets constructed with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of project completion with interest earned on the invested proceeds over the same period. No interest was capitalized in fiscal year ended September 30, 2023.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments with original maturities of ninety days or less.

Compensated Absences

Each employee may accumulate 12 to 20 vacation days, depending on years of service, and 12 days of sick leave per year. Employees are paid for 50% of their sick leave upon retirement but not upon other termination. Vacation days may not exceed 30 working days on January 1st of each year. The Administration accrues a liability for compensated absences based on the following:

1. The administrative obligation related to employees' right to receive compensation for future absences attributable to employees' services rendered.
2. The obligation relates to vested rights.
3. The payment of compensation is probable.
4. The amount can be estimated.

In accordance with the above criteria, the Administration has accrued a liability for vacation pay which has been earned but not taken by the Administration's employees. In addition, 50% of employees' sick leave has been accrued. The liability for compensated absences is recorded as an accrued liability.

Encumbrances

The Administration does not use encumbrance accounting.

Operating Revenues

The Administration's statement of revenues, expenditures and changes in fund net position distinguishes between operating revenues and nonoperating revenues. Operating revenues result from exchange transactions associated with providing a solid waste disposal facility. Nonexchange revenues including grants and contributions received for purposes other than capital assets acquisitions are reported as nonoperating revenues.

Risk Management

The Administration is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruptions; errors and omissions; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the Town's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

Net Position

Net position comprises the various net earnings from operating income and nonoperating revenues and expenses. Net position is classified in the following components:

- Invested in capital assets, net of related debt—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted—This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position—This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTE 2. DEPOSITS AND INVESTMENTS

1. Deposits

At September 30, 2023, the carrying amount of the Administration’s bank deposits was \$7,633,105. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer pursuant to the Public Depository Security Act of the State of Florida. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

2. Investments

As of September 30, 2023, the Administration had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Brokerage Cash	N/A	175,364
Certificates of Deposit	1 - 2 years	1,040,659
U.S. Treasury bonds and notes	11/15/2023 to 10/31/2029	6,419,029
Florida PRIME	35 days	3,197,253
Total investments		<u>\$ 10,832,305</u>

A. Florida PRIME

The Administration's investment in Florida PRIME is administered by the Florida State Board of Administration (SBA). Florida PRIME is an external investment pool that is not a registrant with the SEC; however, the SBA has adopted operating procedures consistent with the requirements for a SEC rule 2a-7 fund. Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the SBA. These rules provide guidance and establish the general operating procedures for the administration of Florida PRIME. Additionally, the State of Florida, Office of the Auditor General performs the operational audit of the activities and investments of the SBA. Throughout the year and as of September 30, 2023, Florida PRIME contained certain floating rate and adjustable-rate securities that were indexed based on the prime rate and/or one and three month LIBOR. These floating rate and adjustable rate securities are used to hedge against interest risk and provide diversification to the portfolio. Exposure to a single issuer is limited to 5% of the portfolio's amortized cost. Investments in Florida PRIME are not evidenced by securities that exist in physical or book entry form. The current rating for the Florida PRIME is AAAM by Standard and Poors. The weighted average days to maturity of the Florida Prime at September 30, 2023 is 49 days. The fair value of the Administration's position in the pool approximates the value of the pool shares. At September 30, 2023, the Administration had \$3,197,253 invested in Florida PRIME. Florida PRIME's most recent financial statements can be found at:

<https://www.sbafla.com/prime/audits/tabid/582default.aspx>.

Fair Value Measurements

In February 2015, GASB issued GASB Statement No. 72. GASB 72 applicability related to the application of fair value is limited to assets and liabilities that are currently measured at fair value and certain investments that are not currently measured at fair value.

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the participant account balance is considered the fair value of the investment. Florida PRIME investment is exempt from the GASB 72 fair value hierarchy disclosures.

As of September 30, 2023, the Administration's investment in Florida PRIME investment pool is rated AAAM by Standard & Poors.

Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poors U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in its policies.

Interest Rate Risk

The dollar weighted average days to maturity (WAM) of Florida Prime at September 30, 2023, is 49 days. Next interest rate reset dates for floating rate securities are used in the calculation of WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2023, is 64 days.

Foreign Currency Risk

Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2022 through September 30, 2023.

Securities Lending

Florida PRIME did not participate in a securities lending program in the period from October 1, 2022 through September 30, 2023.

Fair Value Hierarchy

Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost; therefore, participant account balances should also be reported at amortized cost.

B. Other Investments Measurements

Other investments solely consist of fully-backed U.S. government securities.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Administration has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the valuation methodologies used at September 30, 2023 and 2022.

U.S. government securities: The fair values of U.S. government securities are based on yields currently available on identical securities being traded on the open market.

The following table sets forth by level, within the fair value hierarchy, the Administration's assets at fair value as of September 30, 2023:

Investments:	Level 1	Level 2	Level 3	Total
Brokerage cash	\$ 175,364	\$ -	\$ -	\$ 175,364
Certificates of deposit	1,040,659	-	-	1,040,659
U.S. Treasury bonds and notes	6,419,029	-	-	6,419,029
Total	<u>\$ 7,635,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,635,052</u>

NOTE 3. ACCOUNTS RECEIVABLE & DUE FROM OTHER GOVERNMENTS

Accounts receivable totaling \$963,631 constitutes the balance due at September 30, 2023 for landfill services rendered to the public and proceeds from an insurance settlement. The amount of accounts receivable due from governmental customers was \$290,162. The amount of the accounts receivable from the insurance settlement was \$350,558. This was to reimburse for the burned out compactor. The allowance for uncollectible accounts was \$0 as of September 30, 2023. This was based on a history of full collectability of accounts receivable.

NOTE 4. RESTRICTED ASSETS

As of September 30, 2023, the Administration had the following restricted assets:

Landfill closure escrow funds	
Investments - restricted	\$ 10,057,570
Total landfill closure escrow funds	<u>\$ 10,057,570</u>

These assets consist of cash and investments restricted for landfill closure and postclosure costs as required by state law.

NOTE 5. CAPITAL ASSETS

A summary of capital assets of the Administration at September 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable:				
Land	\$ 424,330	\$ -	\$ -	\$ 424,330
CIP	-	-	-	-
Depreciable:				
Landfill costs	17,729,335	-	-	17,729,335
Building and improvements	350,214	-	-	350,214
Equipment and machinery	3,346,956	803,603	(593,198)	3,557,361
Total capital assets	21,850,835	803,603	(593,198)	22,061,240
Less accumulated depreciation	(8,484,978)	(598,646)	230,665	(8,852,959)
Net assets	<u>\$ 13,365,857</u>	<u>\$ 204,957</u>	<u>\$ (362,533)</u>	<u>\$ 13,208,281</u>

Depreciation for the year ended September 30, 2023, was \$598,646.

NOTE 6. DUE TO OTHER GOVERNMENTS

At September 30, 2023, there were no amounts due to other governments.

NOTE 7. LONG-TERM LIABILITIES

During the year ended September 30, 2023, the following changes occurred in long-term debt.

	Balances 09/30/22	Additions	Deductions	Balances 09/30/23	Due Within one year
Compensated absences	\$ 81,781	\$ 46,568	\$ (36,677)	\$ 91,672	\$ 13,750
Net pension liability	423,025	9,811	-	432,836	-
Drummond Bank Loan	4,786,258	-	(290,452)	4,495,806	296,488
Accrued closure and postclosure costs	7,533,246	-	(64,203)	7,469,043	-
	<u>\$ 12,824,310</u>	<u>\$ 56,379</u>	<u>\$ (391,332)</u>	<u>\$ 12,489,357</u>	<u>\$ 310,238</u>

NOTE 8. CLOSURE AND POSTCLOSURE CARE COST

The Administration has obtained engineering estimates of closure construction costs and future costs to monitor sanitary landfill sites as required by U.S. Environmental Protection Agency (EPA) and Florida Department of Environment Protection (FDEP) regulations and the related provisions of Governmental Accounting Standards Board Statement No. 18. State and federal laws and regulations require the Administration to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The Administration reports a portion of these closure and postclosure care costs as an operating expense each period based on landfill capacity used as of each balance sheet date. The \$7,469,043 reported as landfill closure and postclosure care liability at September 30, 2023, represents the amount reported to date based on the approximate use of 51 percent of the currently active Class I landfill's estimated capacity and 37 percent of the currently active Class III landfill's estimated capacity. Changes in the estimated costs provided by the Administration's engineers and the usage percentages resulted in a \$64,203 decrease in the closure and postclosure care liabilities for fiscal year 2023. The Administration will recognize the remaining estimated cost of closure and post closure care of \$7,469,043 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2023 utilizing an outside contractor and cover material. The Administration expects to close the present footprint of the landfill in the year 2055. Actual cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

Estimates by nature have a potential for change due to inflation, deflation, technology, or applicable laws or regulations. Therefore, the actual costs for future landfill closure and postclosure care costs may differ from projections.

The Administration is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The Administration is in compliance with these requirements. At September 30, 2023, cash and investments of \$10,057,570 are held for these purposes. These are reported as restricted assets on the balance sheet. The Administration expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users other sources.

Each year's "Landfill Management Escrow Accounting Schedule of Activity" report is prepared by the Administration and audited by independent auditors. This report is delivered to the Florida Department of Environmental Protection (FDEP) as evidence the Administration is complying with the escrow requirements of Section 62-701.630(5)(c) of the Florida Administrative Code. Copies of this report will be provided upon request by contacting the Administration.

NOTE 9. DRUMMOND BANK LOAN

The Administration entered into a new construction loan agreement with Drummond Bank in December of 2021 for the amount of \$5,000,0000 at 2.109% interest. The agreement was to complete the construction of Cell 4, and would be paid back with a 15-year term with monthly payments of \$32,498. As of September 30, 2023 the principal balance owed was \$4,495,806. The following is a schedule of future minimum payments:

Fiscal Year Ending September 30,	Interest	Principal	Total Payment
2024	\$ 93,484	\$ 296,488	\$ 389,972
2025	86,823	303,149	389,972
2026	80,277	309,695	389,972
2027	73,589	316,383	389,972
2028	66,943	323,029	389,972
2029 - 2033	226,162	1,723,698	1,949,860
Thereafter	44,075	1,223,364	1,267,439
	\$ 671,353	\$ 4,495,806	\$ 5,167,159

NOTE 10. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN AND OTHER POST EMPLOYMENT BENEFIT PLAN – FLORIDA RETIREMENT SYSTEM PENSION PLAN AND HEALTH INSURANCE SUBSIDY PROGRAM

A. Florida Retirement System

General Information - All of the Administration's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, which include the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees who work in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

B. Defined Benefit Pension Plan – Florida Retirement System Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. This amount increases with every year of additional service up to a maximum of 1.68% of the final average compensation of their five highest years for each year of credited service at age 65 with 33 or more years of service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service (age 52 if credited service includes at least four years of wartime military service) or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, beginning at 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service and increasing to a maximum of 1.68% for of with each year up to age 58 (55 with wartime service) and 28 years of special risk service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 (age 52 with wartime experience) with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before August 1, 2011, the annual cost-of-living adjustment is three percent per year. The cost-of-living adjustment for participants with a retirement date or DROP participation date after August 1, 2011 is determined

by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement and multiplying by three percent . Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively, were as follows: Regular—11.91% and 13.57%; Special Risk Administrative Support—38.65% and 39.82%; Special Risk—27.83% and 32.67%; Senior Management Service—31.57% and 34.52%; Elected Officials—43.77% and 44.89%; and DROP participants—18.60% and 21.13%. These employer contribution rates include a 1.66% and 2.00% HIS Plan subsidy for the periods October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023, respectively.

The Administration's contributions, including employee contributions, to the Pension Plan totaled \$47,876 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2023 the Administration reported a liability of \$284,493 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The Administration's proportionate share of the net pension liability was based on the Administration's contributions relative to the contributions of all participating members. At June 30, 2023, the Administration's proportionate share was 0.000713966 percent, which was an decrease of 13.56 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Administration recognized pension expense of \$65,731. In addition, the Administration reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,711	\$ -
Changes in assumptions	18,546	-
Net difference between projected and actual earnings on Pension Plan investments	11,881	-
Changes in proportion and differences between Pension Plan contributions and proportionate share of contributions	26,520	26,035
Pension Plan contributions subsequent to the measurement date	8,863	-
Total	\$ 92,521	\$ 26,035

The deferred outflows of resources related to the Pension Plan, totaling \$8,863, resulting from Administration contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2024	\$ 7,853
2025	(3,111)
2026	47,123
2027	4,476
2028	1,282
Thereafter	\$ 57,623

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation
Discount rate	6.70%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

The actuarial assumptions used in the July 1, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments.	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
 Assumed inflation - mean			2.4%	1.4%

Discount Rate - The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Administration's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Administration's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Administration's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1 % Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Administration's proportionate share of the net pension liability	\$ 485,972	\$ 284,493	\$ 115,932

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - The Administration had no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2023.

C. Other Post Employment Benefit Plan - Health Insurance Subsidy Program (HIS)

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the HIS contribution for the period October 1, 2022 through June 30, 2023 and from July 1, 2023 through September 30, 2023 was 1.66% and 2.00%, respectively. The Administration contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Administration's contributions to the HIS Plan totaled \$8,566 for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the Administration reported a liability of \$148,343 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Administration's proportionate share of the net pension liability was based on the Administration's contributions relative to the contributions of all participating members. At June 30, 2023, the Administration's proportionate share was 0.000934074 percent, which was an decrease of 14.5 percent from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Administration recognized an expense related to the HIS Plan of \$55,609. In addition the Administration reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,172	\$ 348
Changes in assumptions	3,900	12,854
Net difference between projected and actual earnings on HIS Plan investments	77	-
Changes in proportion and differences between HIS Plan contributions and proportionate share of contributions	8,438	15,215
HIS Plan contributions subsequent to the measurement date	1,728	-
Total	\$ 16,315	\$ 28,417

The deferred outflows of resources related to the HIS Plan, totaling \$1,728 resulting from Administration contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
2024	\$ (2,416)
2025	(1,465)
2026	(2,438)
2027	(4,781)
2028	(2,533)
Thereafter	<u>\$ (13,633)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the PUB-2010 base table, generational mortality using the gender specific MP 2018 mortality improvement projection scale.

Discount Rate - The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the

depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Administration's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Administration's proportionate share of the net pension liability calculated using the discount rate of 3.65 %, as well as what the Administration's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

	1 % Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Administration's proportionate share of the net pension liability	\$ 169,236	\$ 148,343	\$ 131,024

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - The Administration had no payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2023.

NOTE 11. INTERLOCAL AGREEMENT

The Interlocal Agreement entered into by the four counties that own and operate the landfill contains a clause to equalize to Dixie County the transportation cost associated with hauling waste from Dixie County to a point designated in Taylor and Jefferson Counties. The host county (Madison) will be exempt from this clause. The agreement, as amended on July 17, 1995, provides that the amounts to be paid shall not exceed \$44,000 for Taylor County and \$25,000 for Jefferson County.

NOTE 12. BUDGETARY PROCESS

The Administration follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In May the Budget Committee begins preparing a budget for the fiscal year commencing the following October 1.
- b. In June the Administration adopts and approves the budget.
- c. The budget is adopted on a basis consistent with generally accepted accounting principles. The legal level of budgeting control is the fund level.

NOTE 13. INVENTORIES

It has consistently been the policy of the Administration to record the acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 14. OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB)

The Administration is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Administration or the retiree. Participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy”. This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Administration younger and statistically healthier active employees. GASB Statement 45 requires governments to report this cost and related liability in its financial statements.

Due to the fact that no retirees participated in the plan during the year and that it is anticipated that this situation will continue in the future because most employees work until they are eligible for Medicare benefits, management had determined that the Administration’s OPEB obligation at year end would be of a de minimis amount. Management will monitor this situation in the future and take appropriate steps to properly comply with this GASB Statement.

REQUIRED SUPPLEMENTARY INFORMATION

**AUCILLA AREA SOLID WASTE ADMINISTRATIONS
REQUIRED SUP PLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the FRS net pension liability (asset)	0.000713966%	0.000825928%	0.000777250%	0.000655709%	0.000656891%	0.000660046%	0.000657845%	0.000648280%	0.000673716%	0.000665446%
Proportionate share of the FRS net pension liability (asset)	\$ 284,493	\$ 307,312	\$ 58,712	\$ 284,194	\$ 226,224	\$ 198,809	\$ 194,586	\$ 163,691	\$ 87,019	\$ 84,435
Proportion of the HIS net pension liability (asset)	0.000934074%	0.001092496%	0.001040878%	0.000966663%	0.000968857%	0.000969093%	0.000968698%	0.000964992%	0.000931463%	0.000929219%
Proportionate share of the HIS net pension liability (asset)	148,343	115,713	127,680	118,027	108,405	102,570	103,578	112,466	94,995	86,884
Proportionate share of the total net pension liability (asset)	\$ 432,836	\$ 423,025	\$ 186,392	\$ 402,221	\$ 334,629	\$ 301,379	\$ 298,164	\$ 276,157	\$ 182,014	\$ 171,319
Covered-employee payroll	\$ 387,101	\$ 387,101	\$ 375,696	\$ 341,657	\$ 328,115	\$ 315,815	\$ 311,677	\$ 315,360	\$ 287,281	\$ 275,416
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	111.81%	109.28%	49.61%	117.73%	101.99%	95.43%	95.66%	87.57%	63.36%	62.20%
Plan fiduciary net position as a percentage of the total pension liability	77.04%	79.09%	91.09%	74.46%	78.22%	79.86%	79.30%	79.36%	92.00%	92.00%

Notes to schedule

1. See notes to financial statements for changes in assumptions.
2. The amounts presented for each fiscal year for FRS and HIS were determined as of the measurement date which was June 30 of the fiscal year.
3. Covered payroll is for the fiscal year ended September 30.

**AUCILLA AREA SOLID WASTE ADMINISTRATION'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS**

	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 45,339	\$ 35,244	\$ 29,610	\$ 21,786	\$ 20,368	\$ 18,811	\$ 17,125	\$ 15,809	\$ 16,426	\$ 14,576
Contractually required HIS contribution	11,103	6,611	6,118	5,570	5,380	5,255	5,127	4,946	3,561	3,183
Total Contractually Required Contributions	<u>56,442</u>	<u>41,855</u>	<u>35,728</u>	<u>27,356</u>	<u>25,748</u>	<u>24,066</u>	<u>22,252</u>	<u>20,755</u>	<u>19,987</u>	<u>17,759</u>
Contributions in relation to the contractually required contribution	(56,442)	(41,855)	(35,728)	(27,356)	(25,748)	(24,066)	(22,252)	(20,755)	(19,987)	(17,759)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 368,934	\$ 387,101	\$ 375,696	\$ 341,657	\$ 328,115	\$ 315,815	\$ 311,677	\$ 315,360	\$ 287,281	\$ 275,416
Contributions as a percentage of covered-employee payroll	15.30%	10.81%	9.51%	8.01%	7.85%	7.62%	7.14%	6.58%	6.96%	6.45%

Notes to schedule

1. See notes to financial statements for changes in assumptions.

OTHER INFORMATION

AUCILLA AREA SOLID WASTE ADMINISTRATION
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance Final Budget Positive (Negative)
Operating revenues			
Charges for services	\$ 2,738,000	\$ 2,901,352	\$ 163,352
Miscellaneous	1,000	1,518	518
Total operating revenues	<u>2,739,000</u>	<u>2,902,870</u>	<u>163,870</u>
Operating expenses			
Personnel services	560,966	672,277	(111,311)
Contracted services	294,531	338,770	(44,239)
Operating expenses	838,904	621,158	217,746
Depreciation	-	598,646	(598,646)
Total operating expenses	<u>1,694,401</u>	<u>2,230,851</u>	<u>(536,450)</u>
Operating income	1,044,599	672,019	(372,580)
Nonoperating revenues and (expenses)			
Investment income (loss)	30,000	400,857	370,857
Gain (loss) on disposition of capital assets	-	48,025	48,025
Closure and postclosure care adjustment	(149,450)	64,203	213,653
Distributions	-	-	-
Total nonoperating revenues and (expenditures)	<u>(119,450)</u>	<u>513,085</u>	<u>632,535</u>
Change in net position	925,149	1,185,104	259,955
Total net position at beginning of year	16,864,308	16,864,308	-
Total net position at end of year	<u>\$ 17,789,457</u>	<u>\$ 18,049,412</u>	<u>\$ 259,955</u>

See notes to financial statements.

Notes:

Budgetary Information – An annual appropriated budget is adopted on a basis consistent with GAAP except depreciation is not budgeted. All annual appropriations lapse at the fiscal year end. Line-Item expenditures in excess of budget are authorized to the extent that the total budgetary category does not exceed total amounts budgeted for the category of the fund. Amendments to the budget must be approved by the Governing Board.

OTHER REPORTS AND LETTERS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aucilla Area Solid Waste Administration (the “Administration”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Administration’s basic financial statements, and have issued our report thereon dated February 21, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Administration’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Administration’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Administration’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

**Finding 2013-1 (Excess of second succeeding year)
Financial Statement Preparation**

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control

exists in instances where the Administration is not capable of drafting the financial statements and all required footnote disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent administrator who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Management reviews the annual financial reports and has the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Administration.

At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

This response was not subjected to the auditing procedures applied in the audit and thus we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Administration's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
February 21, 2024

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited the basic financial statements of the Aucilla Area Solid Waste Administration (the "Administration") as of and for the year ended September 30, 2023, and have issued our report thereon dated February 21, 2024

We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 21, 2024. Disclosures in that report, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that the following be addressed in this letter:

PRIOR YEAR FINDINGS

There were no reportable findings in the previous year applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year applicable to the management letter.

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status – We determined that the Administration had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment Procedures – As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)5.b. and 10.556(8), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

SPECIAL DISTRICT COMPONENT UNITS

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Administration provides the following data as a component unit of Taylor County, Florida. We provide no assurances on this information.

- a. The total number of Administration employees compensated in the last pay period of Administration's fiscal year: 7
- b. There are no independent contractors to whom nonemployee compensation was paid in the last month of the Administration's fiscal year.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$376,854
- d. There is no compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e. There are no construction projects with a total cost of at least \$65,000 approved by the Administration scheduled to begin on or after October 1, 2022.
- f. There were no amendments to the final adopted budget under Section 189.016(6) for the current fiscal year ended September 30, 2023.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences with our audit of the Administration. We appreciate the helpful assistance of Administration staff in completing our audit and also the generally high quality of the Administration's financial records and internal controls.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
February 21, 2024

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
FLORIDA STATUTES REGARDING INVESTMENT OF PUBLIC FUNDS**

The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have examined Aucilla Area Solid Waste Administration's (the "Administration") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the Administration's compliance with those requirements. Our responsibility is to express an opinion on the Administration's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Administration's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Administration's compliance with specified requirements.

In our opinion, the Administration complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the Administration and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
Certified Public Accountants
Lake City, Florida
February 21, 2024

Communication with Those Charged with Governance

The Honorable Board of Aucilla
Area Solid Waste Administration
Greenville, Florida

We have audited the financial statements of Aucilla Area Solid Waste Administration (the "Administration") for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government *Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Administration are described Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Administration's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of the Administration, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



POWELL & JONES
Certified Public Accountants
Lake City, Florida
February 21, 2024